

District I
1625 N French Dr., Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources



Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

MAY 19 2008
OCD-ARTESIA

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

Initial Report X Final Report

Name of Company Yates Petroleum Corporation	Contact Mike Stubblefield	
Address 105 South 4 th Street, Artesia, N.M. 88210	Telephone No. 505-748-4500 505-513-1712	
Facility Name Loving AIB State #16 30-015-35449	Facility Type drilling well.	
Surface Owner State	Mineral Owner.	Lease No.

LOCATION OF RELEASE

Unit Letter G	Section 16	Township 23s	Range 28e	Feet from the 1650'	North/South Line FSL	Feet from the 990'	East/West Line FWL	County Eddy
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Latitude 32.30609 Longitude 104.0889

NATURE OF RELEASE

Type of Release Drilling fluids	Volume of Release 150 bbls	Volume Recovered 145 bbls
Source of Release. Steel Tank.	Date and Hour of Occurrence 2/1/2008 7:00pm	Date and Hour of Discovery 2/1/2008 7:00pm
Was Immediate Notice Given? Yes X No Not Required	If YES, To Whom? NMOCD after hour's answering service.	
By Whom? Lisa Norton	Date and Hour 2/2/2008 9:00am	
Was a Watercourse Reached? <input type="checkbox"/> Yes X No	If YES, Volume Impacting the Watercourse.	
If a Watercourse was Impacted, Describe Fully.*		

Describe Cause of Problem and Remedial Action Taken.* During cementing operations using a closed loop system a steel tank leaked. The cause of the release was the steel tank having a hole from a clean out on the previous drilling well. Drilling mud was removed from the steel tank using a backhoe.

Describe Area Affected and Cleanup Action Taken.

3/18/08 Soil samples were taken for analytical from the impacted areas. Soil samples were submitted to a second party lab for analysis. The vertical impact for Chlorides was reported by analytical results to be 144 ppm at a depth of 3' BGS in the impacted area on location. Analytical results reported the vertical impact for Chlorides in the impacted area off location to be 208 ppm at a depth of 3' BGS. Analytical results for TPH were over the RRAL for the site. A Remediation Work plan was then submitted to the NMOCD on 3/27/08 with the analytical results attached. The Remediation Work plan was verbally approved by NMOCD/Mike Bratcher on 3/27/08. The impacted areas located on and off location were then excavated to a depth of 3' BGS. The excavated soil were hauled to Lea Land Inc. 3/28/08 soil samples were taken for analytical from the excavated areas. See attached analytical results. The excavated areas were then backfilled with clean soil and like material. Yates Petroleum Corporation requests closure for the release that occurred on 2/1/2008.

Site ranking Depth to ground water - < 50', Wellhead protection area - > 1000', Distance to surface water body - > 1000' site ranking score - 20

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: <i>mike Stubblefield</i>	OIL CONSERVATION DIVISION	
Printed Name: Mike Stubblefield	Approved by District Supervisor: <i>T. Gumbly SR</i>	
Title: Environmental Regulatory Agent	Approval Date: <i>8-6-08</i>	Expiration Date: <i>N/A</i>
E-mail Address: mikes@ypcnm.com	Conditions of Approval: <i>N/A</i>	Attached <input type="checkbox"/> <i>N/A</i>
Date: 5/12/2008	Phone: 505-748-4500	

* Attach Additional Sheets If Necessary